

Embargoed until 0900 MSK (0600 UTC) 1 February 2021

## IHS MARKIT RUSSIA MANUFACTURING PMI®

### First improvement in operating conditions since August 2020

#### KEY FINDINGS

Output and new orders rise marginally

Employment increases for the first time since July 2019

Cost pressures remain strong amid supply chain disruption

Data were collected 12-25 January 2021.

January PMI® data signalled a renewed improvement in the health of the Russian manufacturing sector. Overall growth was the quickest since last August, as output and new orders returned to expansion. Also driving up the headline figure was a further marked lengthening of suppliers' delivery times. As a result, cost pressures remained substantial with many firms choosing to partially pass on price hikes to clients.

Encouragingly, firms expanded their workforces at the joint-sharpest rate since March 2019. Business confidence, however, moderated slightly since December amid concerns regarding the ongoing pandemic.

The headline seasonally adjusted IHS Markit Russia Manufacturing PMI® registered 50.9 in January, up from 49.7, to signal the first improvement in operating conditions across the Russian manufacturing sector for five months. The latest PMI figure indicated marginal growth and was only slightly below the long-run series average.

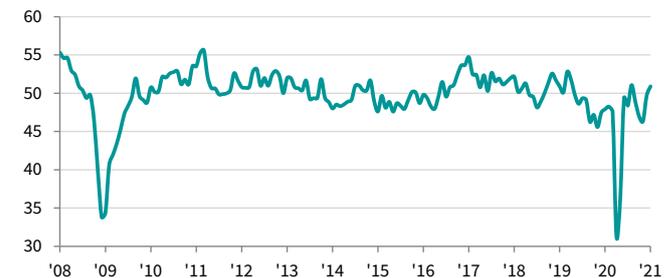
Production increased for the first time since last September at the start of 2021. The renewed expansion in output was often linked to stronger client demand and an upturn in new orders.

January data signalled a return to growth in new business received by Russian manufacturers, with some firms stating that orders previously placed on hold by clients due to the pandemic had been approved. Although only marginal overall, the rate of growth was the fastest since August 2020. In contrast, new export orders contracted markedly and at the sharpest rate since last May.

In line with greater production requirements, goods producers registered a renewed rise in employment. The increase brought

Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit

an end to 17-month sequence of job shedding. The rate of job creation was among quickest seen over the past two years. As a result, firms were able to process their backlogs of work during January. The level of outstanding business fell solidly, albeit at the slowest pace for four months.

Meanwhile, supply chain disruption worsened further in January. Lead times lengthened to the greatest extent since last May, with firms linking this to transportation delays and raw material shortages at suppliers.

Subsequently, manufacturers registered another marked monthly increase in input costs at the start of 2021. Although the rate of cost inflation eased from that seen in December, it was among the sharpest for six years.

Average selling prices rose further in January, as firms sought to pass on supplier price hikes. The rate of charge inflation was steep and the second-fastest since February 2019.

Some manufacturers responded to significant supplier price rises by cutting back on input buying in January. Others stated that stocks of purchases were used to support current production schedules. At the same time, post-production inventories also fell as firms sold from stock and were able to ship goods in a timely manner.

Finally, business confidence remained upbeat in January. Optimism reportedly stemmed from stronger client demand and hopes of an end to the coronavirus disease 2019 (COVID-19) pandemic. That said, the level of positive sentiment moderated from that seen in December and was below the series average.

## COMMENT

Siân Jones, Economist at IHS Markit, which compiles the Russia Manufacturing PMI survey, commented:

*"January data signalled the first improvement in the health of the Russian manufacturing sector since last August, as output and new orders returned to expansion. The COVID-19 pandemic continued to weigh on external demand, however, as exports fell markedly.*

*"Encouragingly, increased new order inflows and expectations of sustained output growth over the year ahead led firms to raise employment for the first time since July 2019.*

*"Supply chain disruptions once again pushed up input prices, as raw material shortages put pressure on supplier capacity. Nonetheless, overall cost inflation in the manufacturing sector eased at the start of the year, which is in line with forecasts from the Central Bank of Russia that anticipate weaker inflationary pressures as 2021 progresses."*

## Input Prices Index

sa, >50 = inflation since previous month



Source: IHS Markit

## CONTACT

### IHS Markit

Siân Jones  
Economist  
T: +44-1491-461-017  
[sian.jones@ihsmarkit.com](mailto:sian.jones@ihsmarkit.com)

Katherine Smith  
Public Relations  
T: +1 (781) 301-9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

The IHS Markit Russia Manufacturing PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, click here.

### About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.